

**Village of Salado
Salado Municipal Building
301 N. Stagecoach
Salado, Texas
Minutes of Special Meeting of Board of Aldermen
June 25, 2019 at 6:30 p.m.**

The Board of Aldermen meeting was called to order at 6:00 p.m. by Mayor Skip Blancett.

Board Members Present: Mayor Skip Blancett, Mayor Pro-tem Frank Coachman, and Aldermen Rodney Bell, Amber Preston Dankert, John Cole, and Michael Coggin.

Staff Present: Village Administrator Don Ferguson and Financial Advisor Chris Lane

Workshop

Discuss and consider issues relating to wastewater impact fees and wastewater bonds for the new Salado Wastewater System.

Village Administrator Ferguson stated the purpose of this meeting is to allow Board members to discuss bond-related issues with the Village's financial advisor, Chris Lane.

Discussion addressed:

- Review by Chris Lane of the Village's current bond status, including
 - Existing bond debt
 - Interest rates
 - Payments due
 - Lender/Paying agent
 - Options for extending debt to 2049 or 2059 and impact on additional interest cost
 - Village's preference for original general obligation (GO) bond issue, callable and approved by voters [as opposed to non-voter approved certificate of obligation (CO) bonds]
- Issues with changing from existing GO to revenue bonds such as increased user rates
- Impact of future development to help decrease user rates
- Impact on taxpayers if bonds are converted to revenue bonds in the future
- Use of impact fees as an additional source for payment of debt service
- Future growth requiring plant expansion and use of development agreements to cover cost of wastewater infrastructure to service new developments
- Monthly user fees set to cover system maintenance and operation costs, not debt service
- Reduction in user rates/increase in operating costs as additional future customers connect to system
- Requirement in Sanctuary development agreement that customers pay wastewater impact fees

- Extension of debt resulting in lower payments, but higher interest costs (for example, extending debt to 2049 results in an additional \$3,000,000 in interest; extending debt to 2059 results in an additional \$6,000,000 in interest)
- Effect of lower debt service payments (if debt extended) to reduce tax burden, while increasing amount of interest payments
- Anticipated future increased customer base to help reduce costs
- Immediate property tax relief to current taxpayers through debt extension versus higher long-term interest costs to be paid by future taxpayers
- Use of system/impact fee revenue from future subdivision connections to help pay debt service
- Lowering of tax rate over time as debt is paid down
- Possible increased impact fees for future development
- Current ability of Village to use system/general/impact fee revenue to pay debt service
- Current ability of Village to annually set I & S tax rate as debt is reduced
- Increasing appraised values offsetting tax rate reductions
- Increased franchise fees and tax collections as Village grows
- Deferral of principal payment for 2-3 years
- Projected revenue from high impact customers
- Goal to lower tax rate
- Tax rate setting based on certified values as part of annual budget process
- Long-term vision to avoid major fluctuations in tax rate

Adjournment

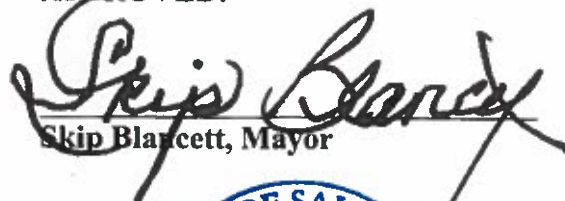
Mayor Blancett called for a motion to adjourn. Alderman Coggin moved to adjourn. Alderman Bell seconded. Mayor Blancett called the meeting adjourned at 7:12 p.m.

Recorded by:

Cara McPartland

These minutes approved on the 3rd of July, 2019.

APPROVED:


Skip Blancett, Mayor

ATTEST:



Cara McPartland, City Secretary

